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J. D. HONSBERGER
E.D. MICHIGAN DISTRICT COURT

October 24, 2014

Honorable Judge Steven Rhodes
Eastern District of Michigan
U.S Bankruptcy Court
211 West Fort
Detroit, MI 48226

Case # 13-53846

Honorable Judge Rhodes:

The City of Detroit in 1967 was a vibrant dynamic metropolis with a municipal government that served its citizens, had a booming economy with plentiful jobs, and a living standard that was among the best in the world. Jerome P. Cavanaugh was the Mayor.

That summer, the riot began at 12th Street and Gladstone Street. It was televised from start to finish. 12th Street was devastated with most of the businesses in ruins. Afterwards, people drove through the City to see the resultant damage and were horrified. This resulted in a mass "White Flight" from the City to the suburbs creating a majority black city that elected Coleman A. Young. Detroit gradually became poorer due to a combination of flight to the suburbs, incompetency by the municipal administration, and a demoralization of the business community resulting in mass closures.

The bankruptcy can be labeled as a disaster to befall the City or as an opportunity to correct and heal the City's problems. I feel that it is a great opportunity to rebuild the City. In 1997, when I retired as a Semi-Senior Accountant, Detroit employed over 24,000 employees including 6,600 Police personnel. The Triennial Budget states that the 2013-14 Actual is 9,293 employees with 2,398 Police personnel. The population was 1.1 million in 1997. Today it is 685 thousand in 2014. Unfortunately this drop will increase as the crime rate increases driving the law abiding citizens out. By 2018, the population will be 400,000.

Due to conditions since the 1967 riot, the national economy has almost no effect on the City of Detroit. The local economy of Southeastern Michigan has moved to the suburbs. Any changes in the unemployment rate are most likely due to individuals using up their benefits and dropping out of the legal employment market to either SSI or the illegal job market. Increases in revenues are unlikely due to decreasing population. State revenue sharing and casino taxes will most likely remain the same. Property taxes, income taxes, and utility user fees will decrease.

The number of Police Officers has decreased 64% while the population has decreased 38%. Police response times went from 5 minutes to an hour today. This is ineffective Police Services. My examination of the Triennial Budget for the Police Department where I was an Accountant for over 22 years shows that many Police personnel are filling positions formerly manned by Civilians. They could be utilized in Patrol Operations to reduce response times.

Padding of staff and executive ranks has reduced the number of crime response personnel.

The Police Budget Bureau has 58 positions divided at 25 in Budget, and 33 in Payroll.

I usually did the budget by myself, or with one Senior Accountant. The Cashier and a Clerk for processing medical invoices payments may be included for a total of 4 personnel. A Third Deputy Chief supervised for a fifth member of the team.

Payroll consisted of 3 teams and a Principal Payroll Clerk with no Police personnel. Maybe 12 personnel. Triennial Budget has 3 Sergeants and 15 Police Officers along with 15 civilian employees in payroll for 36% of the personnel .

The crime rate has not decreased despite having a smaller population. Last year there were 540 homicides and 600 justified homicides according to news reports. In 1997, 540 homicides were recorded. It has remained at that level since the year after Detroit was labeled "Murder City" when it had 810.

The City's Triennial Budget shows a very top heavy structure with a high management ratio. For each managerial position eliminated, approximately 2 lower positions can be established. In the Police Department, if clerical staff replace Police Officers, those Officers can be transferred to crime fighting duty. Similarly, if excess supervisory staff are eliminated, or replaced by clerical personnel, significant cost savings will occur.

The Casinos should be paying for the 48 sworn personnel assigned to them from the Police Department and the small unit from the Fire Department. But gambling is not really an industry that aids the rebirth of a major metropolitan area. It encourages vice, prostitution, loan sharking, alcoholism, and is not family entertainment. There are no movie theaters or other entertainment in the City of Detroit. Just gambling and drugs.

The proposed demolition of the Joe Louis Arena, and it's replacement by a hotel and retail stores is a complete waste of money. The problem with the downtown area is that it is almost totally deserted after 5:00 P.M. No one shops there because of several factors. One is little or very costly parking. To enter the City-County Building at 2 Woodward Avenue, one must walk about 3 blocks from a private parking lot. Any store in the suburbs has free parking, and there is plenty of it. Another factor is high prices. Except for "Greek Town", every other store is very high priced compared to their suburban competitors. The attitude of most employees in these stores is that everyone should be grateful to be allowed to shop there. Most importantl is the high crime rate with no police protection.

Since the size of the municipal government has reduced from over 24,000 employees to 9,293 for a decrease of 62%, then the number of administrators and appointees should also be reduced significantly. There is no longer a need for a Deputy Mayor, Neighborhood Administration District Offices (no viable neighborhoods), Health and Wellness Department, Recreation Department, Land Bank plus any other units not achieving significant results. This would allow the Police Department to hire more Officers to serve and protect all the citizens which is its mission. The People Mover which is unprofitable can be shut down.

Once the crime problem is brought under control, it is recommended that a "one-stop shopping" office be established identical to Governor Snyder's. Additionally, contacts must be established within the suburbs to encourage developers to come to the City of Detroit. The City cannot expect viable

investors to "knock on their door". There has been too much hostility in the recent past. Detroit must reach out to the financial community to encourage investors. Detroit has many good points. In-ground utilities, skilled work force, water, land, and air transportation are already in place.

All numerical estimates in the Triennial Budget have been made by City employees who are pressured or encouraged to produce satisfactory results. Mr. Kevin D. Orr, Emergency Manager, has only eliminated health benefits for retirees, and sold the land to a contractor from Joe Louis Arena's demolition. This will not solve the main problems affecting Detroit's economy resulting in another financial emergency within three to five years from which the City may not recover. Governor Rick Snyder will be notified by me of the basis for this second emergency as the State of Michigan will have to pay the pension obligations of the City of Detroit

My personal motivation is primarily to protect my pension. But I also grew up in a great city which had excellent schools, a very low crime rate, numerous employment opportunities, a wide and varied culture including movie theaters and other entertainment. Please contact me at your convenience for any additional input that may be needed.

Sincerely,

A handwritten signature in cursive script, appearing to read "David J. Honsberger".

DAVID J. HONSBERGER